National Energy Board | Office national de l'énergie

# Quarterly Financial Report
# For the quarter ended 30 June, 2015

## Statement outlining results, risks and significant changes in operations, personnel and program

### Introduction

The quarterly financial report for the National Energy Board (NEB or Board):

- should be read in conjunction with the Main Estimates;
- has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board; and
- has not been subject to an external audit or review.

A summary description of the NEB's program activities can be found in *Part II of the Main Estimates*.

The Board's top priorities are: Take Action on Safety, Engaging with Canadians, and Leading Regulatory Excellence.

The NEB receives its funding through annual Parliamentary authorities. The majority of expenditures are subsequently recovered from the companies regulated by the NEB and the funds are deposited in the Consolidated Revenue Fund of the Government of Canada.

### Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the National Energy Board's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and Supplementary Estimates for the 2015-16 fiscal years. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

The National Energy Board uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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## Highlights of Fiscal Quarter and Fiscal Year to Date Results

### Actual Expenditures

- Year to date personnel spending at the end of the first quarter is $2.8M less than the same period in the previous year. Most of this variance is attributable to a $3.7M severance payout that occurred in the first quarter of 2014-15 (resulting from the elimination of the employee severance pay program for represented employees). The remaining variance is the result of a $0.9M increase in 2015-16 personnel costs related to increased funding for the Energy East and Imperial Beaufort hearings.

- The NEB office relocated in 2014-15 and affected various expenditures. Expenditures in Quarter 1 of 2014-15 were $2.0M higher than in the first quarter of 2015-16 as a result of the move. The most notable change in Quarter 1 of 2015-16 is in professional and special services expenditures which decreased by $1.8M due to the move.

- The decrease of $1.6M in other subsidies and payments is due to a one-time transition payment in Quarter 1 of 2014-15 for implementing salary payment in arrears by the Government of Canada.

### Planned Expenditures

The variances in planned expenditures for 2015-2016 over the previous year are as follows:

- The $5.4M increase in planned spending in comparison to the 2014-15 Main Estimates is primarily due to an increase in funding for the Energy East and Imperial Beaufort hearings.

## Risks and Uncertainties

Due to the nature of its mandate, the NEB's expenditures are influenced by planned and unplanned events (internal and external) that create uncertainty in expenditure and resource pressures. The NEB's responsibilities are not only shaped by emerging energy trends, but also by the proactive consideration of safety, environmental, societal and economic trends that may influence the NEB's ability to carry out its responsibilities in the Canadian public interest.

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## Significant Changes in Relation to Operations, Personnel and Programs

The National Energy Board received additional funding in 2015-16 for Energy East and Imperial Beaufort hearings which resulted in an increase to NEB authorities.

## Approval by Senior Officials

Approved by,

C. Peter Watson, P. Eng. FCAE
Chair and CEO

Paula Futoransky
Chief Financial Officer

*(Calgary, Canada)*
*(28 August 2015)*

## STATEMENT OF AUTHORITIES (unaudited)

| *(in thousands of dollars)* | Fiscal year 2015-2016 | | | Fiscal year 2014-2015 | | |
|---|---|---|---|---|---|---|
| | Planned expenditures for the year ending March 31, 2016* | Expended during the quarter ended June 30, 2015 | Year to date used at quarter-end | Planned expenditures for the year ending March 31, 2015* | Expended during the quarter ended June 30, 2014 | Year to date used at quarter-end |
| Operating expenditures | 68,581 | 15,728 | 15,728 | 64,555 | 21,748 | 21,748 |
| Contributions to employee benefit plans | 8,184 | 2,046 | 2,046 | 6,761 | 1,690 | 1,690 |
| **Total Budgetary authorities** | **76,765** | **17,774** | **17,774** | **71,316** | **23,438** | **23,438** |
| **Non-budgetary authorities** | | | | | | |
| **Total authorities** | **76,765** | **17,774** | **17,774** | **71,316** | **23,438** | **23,438** |

*More information is available in the attached table.*

** Includes only Authorities available for use and granted by Parliament at quarter-end.*

## DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

| *(in thousands of dollars)* | Fiscal year 2015-2016 | | | Fiscal year 2014-2015 | | |
|---|---|---|---|---|---|---|
| | Planned expenditures for the year ending March 31, 2016 | Expended during the quarter ended June 30, 2015 | Year to date used at quarter-end | Planned expenditures for the year ending March 31, 2015 | Expended during the quarter ended June 30, 2014 | Year to date used at quarter-end |
| **Expenditures:** | | | | | | |
| Personnel | 56,901 | 15,203 | 15,203 | 47,735 | 17,974 | 17,974 |
| Transportation and communications | 3,617 | 508 | 508 | 4,193 | 472 | 472 |
| Information | 689 | 10 | 10 | 799 | 39 | 39 |
| Professional and special services | 9,934 | 999 | 999 | 11,580 | 2,322 | 2,322 |
| Rentals | 689 | 368 | 368 | 799 | 74 | 74 |
| Repair and maintenance | 689 | 389 | 389 | 799 | 508 | 508 |
| Utilities, materials and supplies | 344 | 85 | 85 | 399 | 64 | 64 |
| Acquisition of land, buildings and works | - | 5 | 5 | - | - | - |
| Acquisition of machinery and equipment | 1,206 | 27 | 27 | 1,398 | 434 | 434 |
| Transfer payments | 3,214 | 170 | 170 | 3,614 | - | - |
| Public debt charges | - | - | - | - | - | - |
| Other subsidies and payments | - | 10 | 10 | - | 1,551 | 1,551 |
| **Total budgetary expenditures** | **77,283** | **17,774** | **17,774** | **71,316** | **23,438** | **23,438** |
| **Less:** | | | | | | |
| Total revenues netted against expenditures | 518 | - | - | - | - | - |
| **Total Net Budgetary Expenditures** | **76,765** | **17,774** | **17,774** | **71,316** | **23,438** | **23,438** |